

Message Text

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TAGS: EFIN, OECD, EINV

SUBJECT: NEW PENNSYLVANIA TAKEOVER LAW

REF: (A) OECD PARIS 5050

1. CONTACTS IN PENNSYLVANIA STATE GOVT. INDICATE THAT
MEASURE MISSION INQUIRED ABOUT ITS QUOTE TAKEOVER
DISCLOSURE LAW UNQUOTE, WHICH HAS BEEN PASSED BY STATE
LEGISLATURE, SHOULD BE SIGNED INTO LAW BY GOVERNOR
THIS WEEK.

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2. SUBJECT LAW WOULD REQUIRE CERTAIN DISCLOSURES OF
INFORMATION BY COMPANY INTENDING TO MAKE BID TO TAKE OVER

PENNSYLVANIA BASED FIRM. IT FURTHER PROVIDES FOR 20-DAY WAITING PERIOD BEFORE TENDER OFFER CAN TAKE EFFECT, WITH POSSIBLE EXTENSIONS OF PERIOD FOR PURPOSE OF HEARING TO DETERMINE WHETHER STATE SECURITIES LAWS HAVE BEEN FULLY COMPLIED WITH.

3. NEW LAW WILL RELATE ONLY TO DISCLOSURE OF INFORMATION IN CONNECTION WITH TAKEOVERS. IT DOES NOT PROVIDE ANY NEW AUTHORITY TO PENNSYLVANIA STATE GOVERNMENT TO DISALLOW OR OTHERWISE INTERFERE WITH TAKEOVER BID ITSELF.

4. NEW LAW DOES NOT DISTINGUISH BETWEEN DOMESTIC AND FOREIGN AND CORPORATE AND INDIVIDUAL OFFERORS. JURISDICTIONAL REACH IS TO PENNSYLVANIA CORPORATIONS AND TO CORPORATIONS WITH PRINCIPAL PLACE OF BUSINESS AND SUBSTANTIAL ASSETS IN PENNSYLVANIA. PENNSYLVANIA SECURITIES COMMISSION BELIEVES LEGITIMATE STATE INTEREST PREVENTS CONFLICT WITH INTERSTATE COMMERCE CLAUSE AND THAT FEDERAL SECURITIES LAWS DO NOT PREEMPT SUCH SUPPLEMENTARY STATE MEASURES.

5. PROVISIONS OF NEW LAW ARE SIMILAR TO THOSE OF BILL INTRODUCED ON FEDERAL LEVEL LAST YEAR BY SENATOR TAFT, WHO WAS ACTIVE IN CONTROVERSY RE SOCIETE IMETAL TAKEOVER OF COPPERWELD CORPORATION. TAFT MEASURE WAS OPPOSED BY TREASURY AND OTHER AGENCIES, AND HAS NOT YET GOTTEN OUT OF COMMITTEE. INGERSOLL

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